

Message Text

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ORIGIN COME-00

INFO OCT-01 NEA-10 EB-11 ISO-00 SS-20 TRSE-00 OMB-01 FEA-02

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COM/BIC:DHBAKER/MVANGESSEL

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STATE/NEA/ARP:BWRAMPELMEIN

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R 182123Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

INFO AMCONSUL DHAHRAN

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EO 11652: NA

TAGS: BMEP, SA

SUBJ: PERFORMANCE OF US COMPANIES IN SAUDI ARABIA

REF: JIDDA 5774 5775

COMMERCE SECRETARY DENT HAS ASKED US PAS FOLLOWING MESSAGE
TO AMBASSADOR AKINS:

1. I AM CONCERNED TO LEARN OF DIFFICULTIES YOU ARE
ENCOUNTERING WITH US FIRMS OPERATING IN SAUDI ARABIA.
I HAVE ASKED OUR MAJOR EXPORT PROJECTS DIVISION IN
BUREAU INTERNATIONAL COMMERCE TO INVESTIGATE STATUS
OF SPECIFIC CASES YOU MENTIONED.

2. MAJOR PROJECTS HAD ALREADY CONTACTED WESTINGHOUSE'S
WASHINGTON VICE PRESIDENT AND INFORMED THE FIRM OF
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DIFFICULTIES REPORTED BY CONGEN DHAHRAN. WESTINGHOUSE HAS

ASSURED US THAT IT TAKING ACTION TO SOLVE PROBLEM.
COMPANY INFORMS US IT IS SUFFERING FROM SHORTAGE
TRAINED MANPOWER. SHORTAGE HAS BEEN EXACERBATED, OF
COURSE, BY CURRENT ENERGY CRISIS.

3. FAILURE OF ANY US FIRM TO BID ON SAG UNIFORM
TENDER IS DUE TO WORLDWIDE TEXTILE SHORTAGES. US FIRMS
ARE ATTEMPTING MEET DOMESTIC DEMAND FIRST. IN FACT
EVEN US DEPARTMENT OF DEFENSE IS HAVING DIFFICULTY
OBTAINING UNIFORMS. HOWEVER, PROBLEM IS BEING INVESTIGATED
IN COMMERCERCE AND WE HAVE ASKED FOR SOME ADDITIONAL INFO FROM
YOUR STAFF (USDOC 0015) TO FACILITATE THIS.

4. RE FAILURE OF US SUPPLIER OF RICE (COMM/CODE CORP.)
TO ANSWER CORRESPONDENCE, THIS DUE TO BANKRUPTCY OF
FIRM AS REPORTED IN PREVIOUS CABLE. WE WILL CONTINUE
SEARCH FOR ALTERNATE SUPPLIER, HOWEVER, CHANCES OF SUCCESS
ARE REMOTE.

4. OUR UNDERSTANDING OF SHUTDOWN OF AUTOMOBILE ASSEMBLY
LINES IS THAT IT BEING CAUSED NOT BY INSUFFICIENT ORDERS
FOR AUTOMOBILES BUT BY NECESSITY TO CHANGE OVER SOME
ASSEMBLY LINES TO MEET GROWING DEMAND FOR COMPACT CARS
AS OPPOSED TO HEAVIER MORE FUEL-CONSUMING LUXURY CARS.

5. I HOPE YOU WILL BE ABLE USE THIS INFORMATION TO ASSURE
SAG OFFICIALS THAT US INDUSTRY IS AWARE OF GREAT COMMERCIAL
OPPORTUNITIES IN SAUDI ARABIA. CITED INSTANCES OF POOR
PERFORMANCE ARE NOT INDICATIVE OF LACK INTEREST OR EVEN OF
POLITICAL BIAS, RATHER THEY ARE OCCASIONED BY SHORTAGES WHICH
INDUSTRY BOTH HERE AND ABROAD IS ENCOUNTERING MORE AND MORE
FREQUENTLY. IF YOU WILL CONTINUE TO INFORM COMMERCE DEPART-
MENT AS PROBLEMS ARISE, WE WILL WELCOME OPPORTUNITY TO
FOLLOW UP AND PROVIDE ALL POSSIBLE ASSISTANCE. RUSH

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